Supreme Court, U.S.
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NO. 09-507

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In The
Supreme Court of the United States

HARGIS INDUSTRIES, INC., D/B/A SEALTITE BUILDING FASTENERS AND D/B/A EAST TEXAS FASTENERS,
Petitioner,

v.

B&B HARDWARE, INC.,
Respondent

On Petition for Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

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PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

I. Did the United States Court of Appeals for the Eighth Circuit decide a question of federal law that conflicts with the decision of other courts of appeals in *Test Masters Educ. Servs., Inc. v. Singh*, 428 F.3d 559 (5th Cir. 2005), and *OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334 (4th Cir. 2009)?

II. Did the United States Court of Appeals for the Eighth Circuit so misapply the doctrine of issue preclusion and ignore claim preclusion such that it would allow a postjudgment administrative determination under 15 U.S.C. § 1065(3) to circumvent the preclusive effect of a federal judgment, an issue that has not been decided by this Court?

LIST OF PARTIES

The parties to the proceeding in the court whose judgment is sought to be reviewed are contained in the caption of the case. There is no parent or publicly held company owning 10% or more of petitioner's stock.

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The opinion of the United States Court of Appeals for the Eighth Circuit entered in conjunction with the judgment sought to be reviewed is reported at *B&B Hardware v. Hargis Indus., Inc.*, 569 F.3d 383 (8th Cir. 2009) [hereinafter "*Hargis II*"], and is set forth in the Appendix beginning at page A-1. A petition for rehearing was denied. The order denying the petition for rehearing is reproduced in the Appendix beginning on page A-17. The opinion of the United States District Court for the Eastern District of Arkansas sustaining the defendant's motion to dismiss and that was reversed on appeal is not reported but is reproduced and set forth in the Appendix beginning at page A-18.

An earlier opinion of the United States Court of Appeals for the Eighth Circuit entered in connection with a judgment affirming the judgment of the United States District Court for the Eastern District of Arkansas rendered on a jury verdict in a case involving these same parties with respect to the same dispute of trademark infringement is reported at *B&B Hardware v. Hargis Indus., Inc.*, 252 F.3d 1010 (8th Cir. (2001) [hereinafter "*Hargis I*"], and is set forth in the Appendix beginning at page A-48.

STATEMENT OF JURISDICTION

The judgment of the Eighth Circuit sought to be reviewed was entered on June 22, 2009. The court denied Petitioner's motion for rehearing on July 27,

2009. Jurisdiction to review the judgment in question is conferred on this Court by 28 U.S.C. § 1254(1).

STATUTES AND REGULATIONS INVOLVED

The relevant text of the Lanham Act, 15 U.S.C. § 1065, is reproduced hereinafter.

> Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: Provided, That—
>
> > (1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the

same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent and Trademark Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Director within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and other matters specified in paragraphs (1) and (2) of this section; and

(4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

STATEMENT OF THE CASE

Statement Of The Facts

In 1990, Respondent B&B Hardware, Inc. ("B&B") began manufacturing and selling a fastener

product under the name "Sealtight," which it markets primarily to the aerospace and other high-tech industries requiring the tight tolerances needed to seal external and internal pressures. In October 1993, B&B received a certificate of registration for the "Sealtight" mark from the Patent and Trademark Office ("PTO"). In 1992, Petitioner, Hargis Industries, Inc. ("Hargis"), began manufacturing and selling, under the "Sealtite" mark, a line of self-drilling and self-tapping screws and fastener products for use in the metal building industry.

In July 1996, Hargis filed an application with the PTO to register its "Sealtite" mark, but on the initial action the PTO declined to grant the registration due to B&B's earlier registered "Sealtight" mark. Thereafter, the parties engaged in adversarial proceedings before the Trademark Trial and Appeal Board ("TTAB") pertaining to the registration of their respective marks over a period of approximately ten years. The TTAB stayed those proceedings in June 1998, when B&B filed suit against Hargis in the United States District Court for the Eastern District of Arkansas, alleging trademark infringement under the Lanham Act and a host of state statutory and common-law claims.

After a four-day trial held in May 2000, a jury returned a verdict in favor of Hargis, determining that B&B's "Sealtight" mark was merely descriptive and had not acquired secondary meaning. Prior to submission of the case to the jury, B&B dismissed all of its claims with the exception of the trademark infringement claim under the Lanham Act, which the

jury ultimately rejected. The district court entered a final judgment dismissing the case with prejudice, which was affirmed on appeal by the Eighth Circuit. In reliance upon that judgment, Hargis continued to manufacture and sell its line of fasteners to the metal building industry without interruption or complaint.

In June 2006, unbeknownst to Hargis, B&B filed an affidavit of incontestability with the TTAB regarding B&B's "Sealtight" mark on the ground that the mark had been on file for five years without challenge. On September 21, 2006, the PTO issued a Notice of Acknowledgment, recognizing that B&B's "Sealtight" mark had attained "incontestable" status. In August 2006, B&B filed the present action against Hargis, this time in the United States District Court for the Central District of California, once again alleging trademark infringement over the same marks. Over B&B's objection, the district court in California transferred the case to the Eastern District of Arkansas, where *Hargis I* had been tried six years earlier. B&B filed a motion to retransfer seeking to have the case returned to the Central District of California. Hargis opposed B&B's motion and moved to dismiss *Hargis II* on grounds of res judicata and collateral estoppel as a result of the 2000 judgment. Following a hearing, the district court granted Hargis's motion to dismiss on the basis of issue preclusion or collateral estoppel, and the Fifth Circuit's decision in *Test Masters Educ. Servs., Inc. v. Singh*, 428 F.3d 559 (5th Cir. 2005).

B&B appealed the district court's judgment to the Eighth Circuit, arguing that the present

infringement action, brought six years after the earlier action involving the same trademarks, parties, and claim of infringement, was not barred. Even though the earlier litigation conclusively established the invalidity of B&B's mark and resulted in a final judgment of no infringement, B&B argued that the current action was nevertheless not barred because its mark had subsequently attained incontestable status during the intervening years in accordance with 15 U.S.C. § 1065. Consequently, B&B argued, it was free to relitigate before another jury the asserted infringement of its mark by Hargis. The Eighth Circuit agreed and reversed the judgment of the district court.

Although there is a somewhat torturous and complicated history between the parties before the TTAB, there are two key facts particularly relevant to this petition for certiorari: the final judgment of no infringement entered in favor of Hargis in May 2000 and the incontestability status claimed for B&B's mark in September 2006.

Basis For Federal Jurisdiction

This is an action for trademark infringement brought under the provisions of the Lanham Trademark Act, 15 U.S.C. § 1125. Accordingly, jurisdiction was properly exercised by the United States District Court for the Eastern District of Arkansas under 15 U.S.C. § 1121(a) and 28 U.S.C. § 1331.

ARGUMENT

I. THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT HAS DECIDED A QUESTION OF FEDERAL LAW THAT CONFLICTS WITH THE DECISION OF OTHER COURTS OF APPEALS IN *Test Masters Educ. Servs., Inc. v. Singh*, 428 F.3d 559 (5th Cir. 2005), AND *OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334 (4th Cir. 2009).

This case involves a long-standing dispute between two users of phonetically similar trademarks. B&B (owner of the mark "Sealtight") sued Hargis (owner of the mark "Sealtite") for trademark infringement, resulting in a jury verdict in favor of Hargis, which was affirmed on appeal. *B&B Hardware, Inc. v. Hargis Indus., Inc.* , 252 F.3d 1010 (8th Cir. 2001) [hereinafter "*Hargis I*"]. The district court submitted the case to the jury on interrogatories seeking return of a special verdict pursuant to Fed. R. Civ. P. 49(a)(1)(A), as follows:

> QUESTION 1: Do you find by a preponderance of the evidence that the term "Sealtight" used by Plaintiff B&B Hardware is a suggestive term or is merely descriptive?
>
> ANSWER: Merely Descriptive.

> QUESTION 2: If you have found that the term "Sealtight" was merely descriptive in Interrogatory No. 1, do you find by a preponderance of the evidence that the term has acquired "secondary meaning" as defined in these instructions?
>
> ANSWER: No.

Because the jury found that the term "Sealtight" was merely descriptive and had not acquired secondary meaning, and thus was invalid as a trademark, the jury was instructed in the verdict form that it need not proceed further with respect to the remaining interrogatories, including the one inquiring as to whether there was a likelihood of confusion between the parties' respective marks.[1] B&B did not request that the interrogatory pertaining to likelihood of confusion be submitted to the jury for determination, nor did it at any time object to the aforementioned instruction found in the court's charge.

Hargis, in accordance with the final judgment entered in 2000, continued to use its mark without interruption or any notice, demand, or claim of infringement from B&B until August 2006, when it

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[1]To prove a trademark infringement claim, a plaintiff must show that it has a valid, protectible mark and that there is a likelihood of confusion between its mark and the defendant's mark. *See Bd. of Superv'rs for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 476 (5th Cir. 2008), *cert. denied*, 129 S. Ct. 2759 (2009).

was again sued by B&B on precisely the same claim of infringement that had been at issue in *Hargis I*. In June 2006, B&B had filed an affidavit of incontestability of its "Sealtight" trademark pursuant to 15 U.S.C. § 1065, in that five years had elapsed since the conclusion of *Hargis I*. The allegations of infringement were substantively indistinguishable in *B&B Hardware v. Hargis Indus., Inc.*, 569 F.3d 383 (8th Cir. 2009) [hereinafter "*Hargis II*"], from those that had been made in *Hargis I*.

After transfer of the case from California to Arkansas over B&B's objection, Hargis's motion to dismiss was sustained on the ground of collateral estoppel or issue preclusion. B&B appealed, and the Eighth Circuit reversed, posing the issue as follows:

> [T]he district court relied upon the Fifth Circuit's decision in *Test Masters Educational Services, Inc. v. Singh*, 428 F.3d 559 (5th Cir. 2005) (*Test Masters*), holding that, "[t]he only recognized exception to issue preclusion for trademark infringement is a material change in the trademark's strength over an extended period of time" and that "mere passage of time as a factor [does not] permit[ ] relitigation of a previously failed claim." The district court held B & B's claims were barred by collateral estoppel, reasoning that "B & B's reliance on the incontestability of its mark as a basis for denying the application of preclusion lacks persuasive authority."

> The district court concluded that the 2000 jury verdict, which held for Hargis on B & B's prior trademark infringement claim, was entitled to preclusive effect and that application of collateral estoppel was appropriate. The district court granted Hargis's motion to dismiss the complaint.

Hargis II, 569 F.3d at 387.

The Eighth Circuit reversed, finding that, because the jury in *Hargis I* had not answered the interrogatory in the verdict form on whether there was a likelihood of confusion, collateral estoppel did not bar *Hargis II*, notwithstanding the fact that the claims were indistinguishable. In *Hargis II*, the only intervening circumstance that could conceivably have restored the validity of B&B's invalid mark was its claimed attainment of incontestability status through the passage of time. The Eighth Circuit reasoned that, because the interrogatory on the likelihood of confusion had not been decided by the jury, collateral estoppel did not preclude B&B's proof of validity of its mark, an issue that had been decided in *Hargis I*. To put it another way, the Eighth Circuit found that, because one essential element of a trademark infringement claim had not been specifically resolved in *Hargis I*, B&B was free to relitigate the essential element which was decided in *Hargis II*, even though the sole condition for relitigation of trademark infringement recognized by the Fifth Circuit in *Test Masters* was not present in *Hargis II*.

The Fifth Circuit in *Test Masters* reasonably concluded that a mark which at one time was invalid because it was merely descriptive, like "Sealtight," might conceivably attain validity through the acquisition of secondary meaning as a result of a material change in the trademark's strength over an extended period of time. *See Tex. Pig Stands, Inc. v. Hard Rock Café Int'l, Inc.*, 951 F.2d 684, 691 (5th Cir. 1992) ("While 'pig sandwich' may not have had a secondary meaning in 1930, a crucial decision of the *Dixiepig* case, the jury finding to the contrary sixty years later affirms that a factual change has perhaps altered the basis upon which *Dixiepig* depended."). Here, B&B alleged merely the formulaic conclusion that "Sealtight" had "gained wide public acceptance," with no facts to support that conclusory assertion, nor could it plausibly do so. *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009) ("A pleading that offers 'labels and conclusions' or 'a formulaic recitation of the elements of a cause of action will not do.' 550 U.S., at 555, 127 S.Ct. 1955. Nor does a complaint suffice if it tenders 'naked assertion[s]' devoid of 'further factual enhancement.' *Id.*, at 557, 127 S.Ct. 1955." (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007))). Instead, B&B argued only that the validity of its mark and its right to relitigate could not be challenged after it had been registered for five years without challenge. It made the argument despite the fact that two courts had earlier adjudged the mark to be invalid, and the circumstances failed to satisfy the conditions mandated by *Test Masters* to relitigate a previously failed Lanham Act claim.

The outcome in *Hargis II* cannot be squared with *Test Masters*. The administrative construct of incontestable status does not retroactively restore validity to a mark conclusively and earlier determined by a federal court to have been invalid. Incontestability cannot thereby circumvent issue preclusion to allow relitigation of a previously failed trademark infringement claim. The Eighth Circuit's reasoning, at odds with the Fifth Circuit, is contradicted elsewhere. In *OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334 (4th Cir. 2009), the owner of a registered mark filed suit against a competitor for infringement of its registered "OBX" mark. At issue on appeal was the validity of the mark as against a claim that it was merely descriptive and, hence, invalid. The court affirmed a finding of no infringement because of the mark's invalidity since there was no showing that the purely descriptive mark, although registered, had acquired secondary meaning.

There, as in *Test Masters*, the only path for an otherwise invalid mark to attain validity is through its acquisition of secondary meaning. In neither *OBX-Stock* did the defendant, nor in this case did Hargis, counterclaim for cancellation,[2] yet the *OBX-Stock* court found that fact to be immaterial for a fundamentally important reason.

> Bicast never filed a counterclaim for cancellation, choosing simply to argue the point as part of its motion for

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[2]*See* 15 U.S.C. § 1119.

> summary judgment on OBX-Stock's claims. *Cf.* 37 C.F.R. §§ 2.106(b), 2.114(b) (making a cancellation claim before the PTO a compulsory counterclaim). . . .
>
> Bicast has received an adequate remedy through the district court's summary judgment in its favor, and *the court's final adverse decision on trademark validity will preclude OBX-Stock's marks from becoming incontestable*. *See* 15 U.S.C. § 1065(1).

Id. at 343 (emphasis added). In holding that the court's adverse decision precluded OBX-Stock's marks from later becoming incontestable, the Fourth Circuit's decision, like that in *Test Masters*, is squarely in conflict with the Eighth Circuit's opinion in *Hargis II*.

This Court held in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985), that a claim of infringement of a registered mark that had become incontestable could not be defended on the ground that the mark was purely descriptive. That never happened here. B&B's "Sealtight" mark was adjudged invalid because it was determined to be merely descriptive *before* it was claimed to have become incontestable. Thus, a mark that was conclusively determined to be invalid in *Hargis I* was later claimed to have attained incontestable status merely through the passage of time, not through use resulting in the mark's acquisition of secondary meaning. The Eighth Circuit's holding would allow B&B to relitigate the entire claim of trademark infringement, even though

the mark had not acquired secondary meaning, the only path to another round of litigation recognized in *Test Masters*. The result in *Hargis II*, in addition to flying in the face of principles of res judicata (discussed *infra*), cannot be reconciled with *Test Masters*.

Moreover, the issue of invalidity, contrary to the Eighth Circuit's reasoning, is now barred by collateral estoppel or issue preclusion. B&B's "Sealtight" mark was determined to be invalid by *Hargis I*. Invalidity does not mean that the mark cannot be used, and in fact B&B (at least to a limited extent) appears to have continued to use its mark. Hargis has also continued to use its "Sealtite" mark peaceably and without interference from B&B for six years after *Hargis I* was decided. Hardly had the ink dried on B&B's application seeking incontestability from the PTO when B&B sued Hargis again on the same claim of infringement as in *Hargis I*. Its claim of infringement cannot be maintained. The Fourth Circuit in *OBX-Stock* concluded that a mark found to be invalid cannot be restored to validity merely because, through the passage of time, it has attained incontestable status. *OBX-Stock* and *Test Masters*, in harmony with one another, stand in direct conflict with the Eighth Circuit's decision in *Hargis II*.

The Fifth Circuit in *Test Masters*, consistent with the Fourth Circuit, held that a mark once deemed to be invalid, through extensive use over an extended period of time, can avoid the bar to validity of descriptiveness. The Fifth Circuit's reasoning is entirely congruent with well-established principles of trademark law. *See Hargis II*, 569 F.3d at 389 ("To

demonstrate that the mark is valid and protectible, a plaintiff must establish, in the case of a descriptive mark, that its mark has acquired a secondary meaning. A plaintiff does so by showing that, through 'long and exclusive use in the sale of the user's goods, the mark has become so associated in the public mind with such goods that the mark serves to identify the source of the goods and to distinguish them from those of others.'" (quoting *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 870 (8th Cir. 1994))). Having aptly quoted the law, the Eighth Circuit then proceeded to misapply it.

In reversing the district court and holding that the incontestability status of B&B's mark purportedly attained after the adverse judgment constituted a "significant intervening change," the Eighth Circuit placed itself in further conflict with *Test Masters* (and *OBX-Stock*). As the Eighth Circuit recognized, *Test Masters* rejected the mere passage of time as permitting relitigation of a previously failed claim. The court then wrote:

> Here, we are not concerned with the mere passage of time. Instead, we are faced with a question of whether a change in a mark's validity from contestable to incontestable bars application of collateral estoppel. We hold that this constitutes a significant intervening factual change, and, therefore, application of collateral estoppel is inappropriate.

Hargis II, 569 F.3d at 388.

Contrary to the Court's reasoning, a mark becomes incontestable *solely as a factor of the passage of time*. 15 U.S.C. § 1065 ("[T]he right of the registrant to use such registered mark in commerce for the goods or services on or in connection with such registered mark which has been in continuous use for five consecutive years subsequent to the date of such registration and which is still in use in commerce, shall be incontestable."). According to the court's reasoning, B&B's claim of infringement would be barred if filed on the 364th day of the fourth year after the judgment in *Hargis I*. Yet even if the owner of the mark does nothing to enhance the strength of the mark during the intervening five years, on the very next day B&B could file suit merely because five years has elapsed since the earlier judgment of noninfringement. Although illogical and in conflict with *Test Masters* and *OBX-Stock*, that is precisely the consequence of the Eighth Circuit's judgment.

II. THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT MISAPPLIED THE DOCTRINE OF ISSUE PRECLUSION AND FAILED TO APPLY OR EVEN ADDRESS THE RELATED DOCTRINE OF CLAIM PRECLUSION SUCH THAT IT WOULD ALLOW AN ADMINISTRATIVE DETERMINATION UNDER 15 U.S.C. § 1065(3) TO AVOID THE PRECLUSIVE EFFECT OF AN EARLIER FEDERAL COURT JUDGMENT, AN ISSUE THAT HAS NOT BEEN DECIDED BY THIS COURT.

The Eighth Circuit based its opinion solely on principles of collateral estoppel or issue preclusion, without even considering or addressing the principles of res judicata. This Court's recognition of the sanctity of res judicata is too familiar a proposition to require much discussion. *See Heiser v. Woodruff*, 327 U.S. 726, 733 (1946) ("[W]e are aware of no principle of law or equity which sanctions the rejection by a federal court of the salutary principle of res judicata, which is founded upon the generally recognized public policy that there must be some end to litigation and that when one appears in court to present his case, is fully heard, and the contested issue is decided against him, he may not later renew the litigation in another court.").

Here, res judicata should preclude B&B from suing Hargis a second time for precisely the same claim of infringement over the same marks which were at issue in *Hargis I*. There are two essential elements in an infringement case on which the plaintiff bears the burden of proof: (a) the validity of the plaintiff's mark, and (b) whether there is a likelihood of confusion between the marks as they are used in commerce. In *Hargis I*, the first essential element of B&B's claim was decided adversely to B&B, thus negating the need to reach the second element. Yet the Eighth Circuit reasoned that, because one issue was not decided, the claimant (B&B) is free to relitigate in a subsequent proceeding the same claim for relief, not only the claim element which was not decided, but also the issue which was decided. Res judicata, properly applied, requires precisely the opposite result.

The only material event that occurred in the intervening six years between the Eighth Circuit's affirmance of the judgment entered by the district court in *Hargis I* in 2000 and the institution of B&B's suit in *Hargis II* in 2006 was the fact that B&B's registration of its "Sealtight" mark attained incontestable status. If that event had not occurred, there is no question that that issue or claim preclusion would have barred *Hargis II*. The Eighth Circuit, however, reasoned that, because *both* claim elements on which B&B had the burden of proof were not answered by the jury in *Hargis I*, B&B is free to relitigate *all* of the elements of its trademark

infringement claim, despite the bar of claim preclusion.[3]

Presumably, under the Eighth Circuit's reasoning, if the element of likelihood of confusion had been resolved by the jury, then it would have affirmed the district court in *Hargis II*. Yet it acknowledged that the resolution of that claim element was not necessary to support the judgment. The consequence is that Hargis must now relitigate the trademark infringement claim in its entirety, even though it prevailed earlier on the same claim against the same party. The Eighth Circuit's reasoning flies in the face of every principle of res judicata so vigorously endorsed by this Court. *Federated Dep't Stores, Inc. v. Moitie*, 452 U.S. 394, 394-95 (1981) ("[The] doctrine of res judicata is not a mere matter of practice or procedure . . . . It is a rule of fundamental and substantial justice, 'of public policy and of private peace,' which should be cordially regarded and enforced by the courts . . . . *Hart Steel Co. v. Railroad Supply Co.*, 244 U.S. 294, 299, 37 S.Ct. 506, 507, 61 L.Ed. 1148. Pp. 2427-2430.").

The Eighth Circuit's rationale stands Fed. R. Civ. P. 49 on its head. Res judicata means nothing if it does not mean that all elements of the same claim between the same parties are deemed to have been decided, whether or not they were actually determined by the jury. *Brown v. Felsen*, 442 U.S. 127, 131 (1979)

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[3]The Eighth Circuit discussed only collateral estoppel, but res judicata was raised by Hargis both in the district court proceedings and in its briefings to the Eighth Circuit.

("Res judicata prevents litigation of all grounds for, or defenses to, recovery that were previously available to the parties, regardless of whether they were asserted or determined in the prior proceeding.").

The Eighth Circuit's opinion is particularly troublesome where the claim element of likelihood of confusion, as with B&B's assertion of its mark's validity, was fully litigated in *Hargis I*. If B&B had wanted the jury affirmatively to determine both elements regardless of the finding on the first element, it was incumbent upon B&B—a simple enough task—to insist that the district court do so, as Rule 49 requires. The Eighth Circuit reasoned, however, that, because the element of likelihood of confusion was on the jury's verdict form, the issue had been "submitted" even if not resolved. By this logic, all elements of a claim do not merge into the judgment; rather, only those elements actually decided by the jury on their interrogatories are merged into the judgment. Rule 49(a)(3) and the doctrine of the finality of judgments can only mean precisely the opposite of the Eighth Circuit's construction and application of those principles.

Under *Hargis II*, the plaintiff has it both ways, both of which are to the defendant's unjust detriment. The plaintiff can hope the jury reaches and resolves favorably all essential elements on which it has the burden of proof presented in the interrogatories. But if the jury is not called upon to answer all interrogatories, since the jury decided against the plaintiff on an essential element of the plaintiff's claim, then the plaintiff gets the benefit of the jury's

nonresponse to the unresolved interrogatories, even those on which it has the burden of proof. This result, apart from reversing the burden of proof in civil cases, has both a profound and potentially far-reaching effect on federal court judgments and a practical one on federal court practice and procedure.

The profound effect is that it jeopardizes the finality and res judicata effect of innumerable federal judgments on record that are based on special verdicts. It makes those judgments vulnerable to collateral attacks, as occurred here. A defendant who successfully prevails because the jury makes a finding adverse to an essential element of the plaintiff's claim but goes no further in its deliberations in accordance with the district court's instructions, can no longer rely upon the finality of that judgment and be "at peace."

Under the Eighth Circuit's holding, the interrogatories in a special verdict form remain "alive" in perpetuity. The possibility always exists that an unsuccessful litigant can go "behind" the judgment in the event postjudgment circumstances arise which affect or in some manner relate to the subject matter of the interrogatories contained in the verdict form. Such a result stands in direct conflict with this Court's extensive precedent on res judicata. *See, e.g.*, *Federated Dep't Stores*, 452 U.S. at 394-95. Put another way, under the Eighth Circuit's reasoning, in order to avail itself of the protection of res judicata or collateral estoppel, a defendant must secure findings on all of the interrogatories which comprise the essential elements of a plaintiff's claim, even though

the plaintiff carries the burden of proof on each of those elements.

The practical effect of the Eighth Circuit's reasoning is that the use of special verdicts will be discouraged, rather than encouraged, as the rules contemplate. If a general verdict had been used in *Hargis I*, then the Eighth Circuit could not plausibly have reached the judgment it did in *Hargis II*. Should a defendant be prejudiced by the use of a special verdict and the plaintiff's failure to insist that an interrogatory be submitted to the jury, when the defendant prevails on the one issue that decides the case? This is particularly problematic when the plaintiff is in agreement with the manner in which the interrogatories have been submitted and with the trial court's conditional instructions which inform the jury when their deliberations have been completed. Rule 49 is intended to embody precisely the teaching of this Court in *Brown*—namely, that all issues, those that could have been raised or that were raised on the same claim—are deemed to have been decided conclusively and in a manner consistent with the verdict. Yet the Eighth Circuit concluded that the element of likelihood of confusion, because it was not decided by the jury in *Hargis I*, could be relitigated in *Hargis II* on the same claim of infringement, despite the judgment adverse to B&B in *Hargis I*. The Eighth Circuit's reasoning flies in the face of this Court's precedent and the plain language and intent of Rule 49(a)(3).

This Court has had few, if any, occasions to interpret the application of Rule 49(a)(3) or finality of judgments in any analogous context. But Rule 49(a)(3)

can only mean that if a party seeks to avoid the bar of res judicata with respect to a particular issue or ground of recovery, much less a claim element, it is incumbent on that party to insist that it be submitted to the jury for resolution or be forever barred from raising it again against the same party on the same claim. The Eighth Circuit's reasoning makes little sense here, where the issue that it found had not been decided would have made no difference in the outcome even if it had been decided. The only intervening factual change—that B&B's "Sealtight" mark attained incontestable status—has nothing to do with the issue that was not decided. It only relates to the issue that *was* decided, and that issue was decided explicitly by the jury. The Eighth Circuit's opinion exalts administrative agency action such that it supersedes the preclusive effect of a federal court's judgment.

Departures from the preclusive effect of res judicata are rare, particularly where the departure is said to be justified by intervening changes or developments in the law. *See Federated Dep't Stores*, 452 U.S. at 398 ("There is little to be added to the doctrine of res judicata as developed in the case law of this Court. A final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action. . . . Nor are the res judicata consequences of a final, unappealed judgment on the merits altered by the fact that the judgment may have been wrong or rested on a legal principle subsequently overruled in another case." (citations omitted)).

Restatement (Second) of Judgments § 28(2)(b) (1982) provides as follows:

> Although an issue is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, relitigation of the issue in a subsequent action between the parties is not precluded in the following circumstances:
>
> . . . .
>
> (2) The issue is one of law and . . . (b) a new determination is warranted in order to take account of an intervening change in the applicable legal context or otherwise to avoid inequitable administration of the laws[.]

See also Bobby v. Bies, 129 S. Ct. 2145, 2152 (2009).

Absent B&B's claim of the incontestability of its mark, it would have nothing to argue, the mark's invalidity having already been decided.

> A brings an action against B to recover for infringement of the trademark "Florasynth" by use of the trade name "Flora Essential Oils." The court grants judgment for B on B's motion to dismiss for failure to state a claim, holding that the name "Flora" is a descriptive word of

> extensive and common use and is not subject to appropriation as a trademark. In a second action by A against B for infringement of the same trademark, in which the allegations of the complaint are the same except that the asserted infringement is limited to the period after the first judgment, the judgment in the first action is conclusive on the issue whether the name "Flora" is subject to appropriation as a trademark.

Restatement § 28 illus. 1.

By the same token, if B&B's "Sealtight" mark had attained incontestable status, but there had been no judgment in favor of Hargis in *Hargis I* , then Hargis could not have raised descriptiveness as a defense to B&B's claim of infringement in the first instance. *See Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir. 1976). But this case presents the novel issue of whether claim preclusion bars the assertion of incontestability by B&B in its effort to trump res judicata and permit the revival and relitigation of its infringement claim in *Hargis II*. Put another way, can a postjudgment administrative action by a federal agency overturn the preclusive effect accorded the final judgment of a federal court? There is no authority supporting the Eighth Circuit's reasoning in favor of B&B that it can.

The Eighth Circuit's decision also calls into serious question the proper jurisdictional scope of the Trademark Trial and Appeal Board and the federal

courts, as it blurs the historic and judicially recognized distinction between trademark registration and infringement. The TTAB and the Patent and Trademark Office are understandably wary of treading on the jurisdiction of the federal courts. Thus, registration and infringement present different considerations, as the TTAB recognizes.

> [A] claim of infringement before the court and a claim of priority and likelihood of confusion before this Board are different claims. The former claim is, in essence, a claim of injury resulting from applicant's *use* of its mark in commerce; the latter claim, in essence, is a claim that opposer believes it would be damaged by *registration* of applicant's mark. While the determination of both claims may involve the determination of likelihood of confusion, trademark infringement and the right to use a mark are matters which the Board has no jurisdiction to consider.

Am. Hygienic Labs., Inc. v. Tiffany & Co., 228 U.S.P.Q. 855, 857 (TTAB 1986) (TTAB's emphasis).

Indeed, in determining B&B's opposition to Hargis's registration of its "Sealtite" mark after the affirmance of the judgment in *Hargis I*, the TTAB reiterated this distinction: "Thus, we find ourselves in the unusual situation whereby opposer [B&B] is precluded from enjoining applicant [Hargis] from using its mark, but opposer may nevertheless prevent

applicant from registering its mark." (Opposition No. 91155687 to Application Serial No. 75129229, 8/28/07 TTAB Opinion at 8-9.)

While this case implicates the doctrine of incontestability that was created by Congress, it still involves a private dispute among private parties. *See Standefer v. United States*, 447 U.S. 10, 24 (1980) ("In cases [involving disputes over private rights between private litigants], no significant harm flows from enforcing a rule that affords a litigant only one full and fair opportunity to litigate an issue, and there is no sound reason for burdening the courts with repetitive litigation.").

Incontestability of a registered trademark results from the passage of time. It neither implicates nor requires merit review by the PTO. Instead, "the incontestable right with reference to a mark registered under this chapter shall apply to a mark . . . , upon the filing of the required affidavit with the Director within one year after the expiration of any period of five consecutive years after the date of publication of a mark[.]" 15 U.S.C. § 1065. It is no more than a purely administrative construct. Yet the Eighth Circuit treated incontestability as though it were equivalent to an adjudication and thus sufficient to avoid the preclusive effect of a federal judgment that had been affirmed. This is not a case where an administrative finding was accomplished through adjudication. Instead, the preclusive effect of a prior judgment was avoided because of the effect of a statute. Congress, to be sure, may overrule common-law principles such as claim/issue preclusion, but its intent to do so must be

clearly expressed; it is never presumed. This Court's teaching on the point could not be more clear.

> Courts do not, of course, have free rein to impose rules of preclusion, as a matter of policy, when the interpretation of a statute is at hand. In this context, the question is not whether administrative estoppel is wise but whether it is intended by the legislature. The presumption holds nonetheless, for Congress is understood to legislate against a background of common-law adjudicatory principles. . . . Thus, where a common-law principle is well established, as are the rules of preclusion, the courts may take it as given that Congress has legislated with an expectation that the principle will apply except "when a statutory purpose to the contrary is evident." *Isbrandtsen Co. v. Johnson*, 343 U.S. 779, 783, 72 S.Ct. 1011, 1014, 96 L.Ed. 1294 (1952).

Astoria Fed. Sav. & Loan Ass'n v. Solimino, 501 U.S. 104, 108 (1991) (citations omitted).

The claim that was decided (trademark infringement) can be restored to life only if Congress intended that 15 U.S.C. § 1065 should override the common-law doctrines of res judicata or collateral estoppel. This purpose nowhere appears in the Lanham Act, much less in 15 U.S.C. § 1065. This Court teaches that the congressional intent should not

be presumed but, rather, must clearly appear from the language of the statute itself. The presumption, rather, is that Congress legislated with relevant common-law doctrines in mind.

Thus, the Court uses common-law principles to inform its interpretation and application of statutes. *See Clackamas Gastroenterology Assocs., P.C. v. Wells*, 538 U.S. 440 (2003) (adopting and applying common-law principles of agency to inform the application of the Americans with Disabilities Act). There, Congress had not expressed its will otherwise, and so well-established principles of the common law were applied. This case is no different. Claim and issue preclusion are doctrines that are to be "cordially regarded" by the lower courts. There is nothing to suggest that Congress intended otherwise than that principles of claim and issue preclusion should be applied even when the administrative construct of incontestability should intervene.

The Eighth Circuit's decision to the contrary represents a radical departure from principles firmly established in this Court's jurisprudence. The Eighth Circuit's judgment, therefore, cannot be sustained. The court's judgment is so far out of the bounds approved by this Court in applying claim and issue preclusion that to sustain it would deprive petitioner of substantial justice. The Court has not yet addressed whether a purely administrative statute can be applied to avoid the finality and preclusive effect of a federal court's judgment, which was affirmed on appeal. None of the Court's reported jurisprudence, *Park 'N Fly* not excepted, has addressed this issue.

This case presents an opportunity for the Court to establish conclusively that a statute, particularly one which serves purely an administrative function, cannot be used to avoid the preclusive effect of a final federal court judgment unless Congress has expressly directed that it have that effect. In the absence of such an expression of intent, the preclusive effect of the judgment must be enforced and applied.

CONCLUSION

Thus, and for all the foregoing reasons, Petitioner's Application for Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit should be granted.

Respectfully submitted,

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NO. _____

In The
Supreme Court of the United States

HARGIS INDUSTRIES, INC., D/B/A SEALTITE BUILDING FASTENERS AND D/B/A EAST TEXAS FASTENERS,
Petitioner,

v.

B&B HARDWARE, INC.,
Respondent

On Petition for Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

APPENDIX

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B & B HARDWARE, INC., a California Corporation, Appellant,

v.

HARGIS INDUSTRIES, INC., a Texas Corporation, d/b/a Sealtite Building Fasteners, d/b/a East Texas Fasteners; East Texas Fasteners, a business entity of form unknown; John Does 1 through 10, inclusive, Appellees.

No. 07-3866.

United States Court of Appeals, Eighth Circuit.

Submitted: Sept. 25, 2008.

Filed: June 22, 2009.

Background: Owner of trademark "Sealtight" for fastener product sued user of "Sealtite" mark for trademark infringement, unfair competition, trademark dilution, and false designation of origin. The United States District Court for the Central District of California transferred case to the United States District Court for the Eastern District of Arkansas, Susan Webber Wright, 2007 WL 2711647, which dismissed on basis of collateral estoppel. Owner appealed.

Holding: The Court of Appeals, Shepherd, Circuit Judge, held that prior action did not address issue of likelihood of confusion.

Reversed and remanded.

Kathryn Bennett, Perkins, argued, Little Rock, AR, Brook A. Brewer, on the brief, for appellant.

Herbert A. Yarbrough, III, argued, Tyler, TX, H. William Allen and Kevin M. Lemley, Little Rock, AR, and Trey Yarbrough, Tyler, TX, on the brief, for appellee.

Before BYE, BEAM, and SHEPHERD, Circuit Judges.

SHEPHERD, Circuit Judge.

B & B Hardware ("B & B") appeals the district court's dismissal, on collateral estoppel grounds, of its trademark infringement action filed against Hargis Industries ("Hargis"). For the reasons explained herein, we reverse the dismissal and remand this matter to the district court for further consideration.

I.

In 1990, B & B began manufacturing and selling a fastener product under the name "Sealtight." This product is largely used in the aerospace industry. Pursuant to a 1990 application, B & B received a certificate of registration for the "Sealtight" mark from the Patent and Trademark Office (PTO) on October 12,

1993. In 1992, Hargis began manufacturing and selling, under the "Sealtite" mark, a line of self-drilling and self-taping screws that are used primarily in the metal building industry.

In July 1996, Hargis filed an application with the PTO to register its "Sealtite" mark, but the PTO refused to grant the registration, citing the likelihood of confusion with B & B's "Sealtight" mark. In March 1997, Hargis sought before the PTO's Trademark Trial and Appeal Board (TTAB) to cancel the registration of B & B's mark. The TTAB initially granted the cancellation request, but later reinstated B & B's registration and stayed the TTAB proceedings pending the outcome of a federal trademark infringement action filed by B & B against Hargis in June 1998 in the United States District Court for the Eastern District of Arkansas. After a four day trial held in May 2000, a jury returned a verdict in favor of Hargis, determining that B & B's "Sealtight" mark was merely descriptive and had not acquired a secondary meaning. A panel of this court affirmed that decision on appeal. *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 252 F.3d 1010 (8th Cir.2001).

Following the affirmance, Hargis requested that the TTAB resume proceedings regarding Hargis's request for cancellation of B & B's mark. The TTAB permitted Hargis to amend its petition to include as a ground, in accordance with the jury's determination, that B & B's mark was merely descriptive and had not acquired a secondary meaning. In July 2002, the TTAB granted Hargis's motion for summary judgment and canceled the registration of B & B's "Sealtight"

mark. The TTAB subsequently reversed itself and held that the motion to amend the petition was untimely, set aside its grant of summary judgment, and dismissed the cancellation proceeding.

In February 2003, B & B filed an opposition to the Hargis's application to register its "Sealtite" mark. In reply, Hargis argued that the prior federal action, which determined that there was no trademark infringement, should be given preclusive effect by the TTAB. In August 2004, the TTAB rejected this argument, holding that the jury in the federal trademark action had not made any findings concerning the likelihood of confusion. The TTAB also held that Hargis was barred in its attempt to cancel B & B's mark on the basis that B & B's mark was merely descriptive because B & B's mark had been registered for more than five years.

In June 2006, B & B filed an affidavit of incontestability with the TTAB regarding B & B's "Sealtight" mark on the grounds that the mark had been on file for five years without challenge. On September 21, 2006, the PTO issued a Notice of Acknowledgement, recognizing that B & B's "Sealtight" mark had become incontestable. Meanwhile, in August 2006, B & B filed the present action against Hargis, alleging trademark infringement, unfair competition, trademark dilution, and false designation of origin.[4] Hargis sought an

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[4]B & B filed this action in the United States District Court for the Central District of California. Over B & B's objections, it was transferred to the United States District Court for the Eastern District of Arkansas. B & B sought

order of dismissal on grounds of res judicata and collateral estoppel based upon the 2000 jury verdict. Following a hearing, the district court granted Hargis's motion to dismiss on the basis of collateral estoppel.

In granting the motion to dismiss, the district court recognized B & B's mark had become incontestable and that this status protected the mark from an attack that it is merely descriptive and without secondary meaning. The district court further recognized that incontestability of a mark addresses one of two elements of a trademark infringement action.[5] The court rejected, however, B & B's argument that receipt of incontestability status after initially losing a trademark infringement action, without more, should prevent the application of collateral estoppel. The district court explained, "B & B cites no authority for the proposition that incontestability makes any difference where a prior judgment otherwise bars a subsequent infringement action." In reaching this

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retransfer back to the Central District of California, but the motion was denied. The denial of the motion to retransfer has not been raised on appeal.

[5]To prove a trademark infringement claim, a plaintiff must show that it has a valid, protectible mark and that there is a likelihood of confusion between its mark and the defendant's mark. *See Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 476 (5th Cir.2008), *petition for cert. filed*, 77 U.S.L.W. 3562 (U.S. Mar. 23, 2009). A mark that has received incontestable status "cannot be challenged . . . for mere descriptiveness, or on the basis that the mark lacks secondary meaning." *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322, 1324 (Fed.Cir.1999).

outcome, the district court relied upon the Fifth Circuit's decision in *Test Masters Educational Services, Inc. v. Singh,* 428 F.3d 559 (5th Cir.2005) (Test *Masters*), holding that, "[t]he only recognized exception to issue preclusion for trademark infringement is a material change in the trademark's strength over an extended period of time" and that "mere passage of time as a factor [does not] permit[ ] relitigation of a previously failed claim." The district court held B & B's claims were barred by collateral estoppel, reasoning that "B & B's reliance on the incontestability of its mark as a basis for denying the application of preclusion lacks persuasive authority." The district court concluded that the 2000 jury verdict, which held for Hargis on B & B's prior trademark infringement claim, was entitled to preclusive effect and that application of collateral estoppel was appropriate. The district court granted Hargis's motion to dismiss the complaint.

At the time of the dismissal order, the district court was unaware that the TTAB had sustained B & B's opposition to Hargis's request to register its "Sealtite" mark because of the likelihood of confusion with B & B's "Sealtight" mark. B & B sought reconsideration of the district court's dismissal order and attached the TTAB ruling to its motion to reconsider. In denying the motion to reconsider, the district court held "the decision of the TTAB is not entitled to preclusive effect . . . and does not create an exception to permit relitigation of trademark infringement." Further, the district court noted that the TTAB decision "was not submitted until after entry of judgment when it could have been brought to

the Court's attention before the motion to dismiss was granted."

On appeal, B & B argues the district court erred in granting the motion to dismiss on collateral estoppel grounds. B & B also contends the district court should have given deference to the decisions of the TTAB that (1) B & B's "Sealtight" registration could not be attacked on grounds of descriptiveness because Hargis's challenge was not timely made and (2) the prior district court decision did not address the issue of likelihood of confusion.

II.

"This court reviews de novo the grant of a motion to dismiss for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6)." *Levy v. Ohl,* 477 F.3d 988, 991 (8th Cir.2007). In conducting this review, we "assume[ ] as true all factual allegations of the complaint." *Id.* To survive dismissal, the complaint must allege "only enough facts to state a claim to relief that is plausible on its face." *Bell Atlantic Corp. v. Twombly,* 550 U.S. 544, 570, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007). We also review the applicability of collateral estoppel, a question of law, de novo. *Morse v. Comm'r,* 419 F.3d 829, 833 (8th Cir.2005).

The district court determined that B & B's trademark infringement claim was barred by the doctrine of collateral estoppel or issue preclusion.

> In the Eighth Circuit, issue preclusion has five elements: "(1) the party sought

> to be precluded in the second suit must have been a party, or in privity with a party, to the original lawsuit; (2) the issue sought to be precluded must be the same as the issue involved in the prior action; (3) the issue sought to be precluded must have been actually litigated in the prior action; (4) the issue sought to be precluded must have been determined by a valid and final judgment; and (5) the determination in the prior action must have been essential to the prior judgment."

Robinette v. Jones, 476 F.3d 585, 589 (8th Cir.2007) (*quoting Anderson v. Genuine Parts Co.,* 128 F.3d 1267, 1273 (8th Cir.1997)).

According to B & B, the current action should not be barred by application of the doctrine of collateral estoppel. B & B contends the jury in the prior action did not reach the question of likelihood of confusion because it held instead that B & B's "Sealtight" mark was merely descriptive and had not acquired a secondary meaning. B & B argues, therefore, that the issues raised in this action are not the same as those involved in the prior action; that the question of likelihood of confusion was not actually determined in the prior action; that no valid and final judgment has been entered on the question of likelihood of confusion; and that a decision on the question of likelihood of confusion was not necessary to the prior judgment.

In granting the motion to dismiss on collateral estoppel grounds, the district court found the reasoning of the Fifth Circuit in *Test Masters* to be "compelling and controlling." In *Test Masters,* after the Fifth Circuit reversed the district court's denial of defendant's motion for judgment as a matter of law on the issue of secondary meaning, the plaintiff filed a new complaint raising essentially the same claims as the prior complaint. 428 F.3d at 568-69. However, the plaintiff's claims in the second action were based only on the facts surrounding the plaintiff's mark arising since the dismissal of the prior action. *Id.* The plaintiff sought the opportunity to relitigate the question of whether its mark had obtained a secondary meaning because the new claim involved different operative facts. *Id.* at 571. The Fifth Circuit rejected this attempt, holding that "[the plaintiff] ha[d] not alleged a significant intervening factual change . . . that would suggest that there has been a change in the minds of the public" sufficient to result in a different outcome on the issue of whether his mark had obtained a secondary meaning. *Id.* at 576. As the district court noted, *Test Masters* rejected "mere passage of time" as the only factor permitting relitigation of a previous claim, requiring instead that a plaintiff demonstrate a "significant intervening factual change."

Test Masters does not address the question of how a change in the validity of a mark from contestable to incontestable should impact the application of collateral estoppel. The court in *Test Masters* stated, "[t]he determination of whether a mark has secondary meaning depends on dynamic factual scenarios that will necessarily vary from case

to case. The thrust of our holding is that [the plaintiff] has not alleged in his pleadings any significant intervening factual change." *Id.* at 575. "Because he has not alleged a significant intervening factual change, we find that our previous holding [that the mark had not acquired a secondary meaning] bars [the plaintiff's] current claim." *Id.* at 576. Here, we are not concerned with the mere passage of time. Instead, we are faced with a question of whether a change in a mark's validity from contestable to incontestable bars application of collateral estoppel. We hold that this constitutes a significant intervening factual change, and, therefore, application of collateral estoppel is inappropriate.

In considering the requirements for applying collateral estoppel, there is no disagreement that the parties involved in the prior litigation and this action are identical. The question turns on whether the issue litigated *and decided* in the prior action is the same as the issue presented in this action. *See Robinette,* 476 F.3d at 589.

To prove a trademark infringement claim, a plaintiff must show that it has a valid, protectible mark and that there is a likelihood of confusion between its mark and the defendant's mark. *See Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.,* 550 F.3d 465, 474 (5th Cir.2008) ("To prevail on their trademark infringement claim, the plaintiffs must show two things. First, they must establish ownership in a legally protectible mark, and second, they must show infringement by demonstrating a likelihood of confusion."), *petition for*

cert. filed, 77 U.S.L.W. 3562 (U.S. Mar. 23, 2009). To demonstrate that the mark is valid and protectible, a plaintiff must establish, in the case of a descriptive mark, that its mark has acquired a secondary meaning. A plaintiff does so by showing that through "long and exclusive use in the sale of the user's goods, the mark has become so associated in the public mind with such goods that the mark serves to identify the source of the goods and to distinguish them from those of others." *Aromatique, Inc. v. Gold Seal, Inc.,* 28 F.3d 863, 870 (8th Cir.1994) (*citing Co-Rect Prods., Inc. v. Marvy! Adver. Photography, Inc.,* 780 F.2d 1324, 1330 (8th Cir.1985)). A court, in determining whether a likelihood of confusion exists, considers: "(1) the strength of the trademark; (2) the similarity between the plaintiff's and defendant's marks; (3) the competitive proximity of the parties' products; (4) the alleged infringer's intent to confuse the public; (5) evidence of any actual confusion; and (6) the degree of care reasonably expected of the plaintiff's potential customers." *Anheuser-Busch, Inc. v. Balducci Publ'ns,* 28 F.3d 769, 774 (8th Cir.1994) (*citing SquirtCo v. Seven-Up Co.,* 628 F.2d 1086, 1091 (8th Cir.1980)). Because a plaintiff is required to prove different elements in establishing a descriptive mark's validity than in proving likelihood of confusion, these are distinct issues for purposes of applying collateral estoppel.

Hargis does not dispute that B & B's "Sealtight" mark is now incontestable. *See* 15 U.S.C. § 1065 (after five years of continuous use, owner of registered trademark may obtain incontestable status by filing affidavit that certain statutory requirements have

been met). Once a mark becomes incontestable, it "cannot be challenged . . . for mere descriptiveness, or on the basis that the mark lacks secondary meaning." *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322, 1324 (Fed.Cir.1999); *accord Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205, 105 S.Ct. 658, 83 L.Ed.2d 582 (1985) (holding that an alleged infringer may not argue that an incontestable mark is merely descriptive).

In the prior action, the jury determined only that B & B's mark was descriptive and had not obtained a secondary meaning. With this determination, there was no need to address the second element of a trademark infringement claim—whether there was a likelihood of confusion between the two marks. While the issue of likelihood of confusion may have been involved and litigated in the prior action, it was not finally decided or essential to the prior judgment. According to the court's directions, the jury was instructed as follows: "If you found that the term "Sealtight" was merely descriptive in Interrogatory No. 1 and had not acquired secondary meaning prior to January 1, 1992, in Interrogatory Nos. 2 and 3, your duties are completed and you need not proceed any further." The jury did not reach the subsequent interrogatories that addressed likelihood of confusion and whether there was actual confusion. Accordingly, it is not appropriate to apply collateral estoppel to the current trademark infringement action because the jury in the prior litigation never determined the likelihood of confusion issue, a different and distinct issue from whether the mark was valid and protectible.

Hargis's reliance on Federal Rule of Civil Procedure 49, an argument raised for the first time in this appeal, is misplaced. Rule 49(a)(3) states:

> ***Issues Not Submitted.*** A party waives the right to a jury trial on any issue of fact raised by the pleadings or evidence but not submitted to the jury unless, before the jury retires, the party demands its submission to the jury. If the party does not demand submission, the court may make a finding on the issue. If the court makes no finding, it is considered to have made a finding consistent with its judgment on the special verdict.

Fed.R.Civ.P. 49(a)(3). Hargis argues that, because B & B did not demand that the jury address the issue of likelihood of confusion or object to the conditional instruction on the verdict form, we are required to read the lack of an answer to be consistent with the jury's determination that there is no trademark infringement. Under this argument, Hargis would have us read the lack of an answer to be a determination by the jury that there was no likelihood of confusion. This reading of Rule 49(a)(3) is wholly without merit.[6] Here the question of likelihood of

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[6]The cases cited by Hargis to support this argument are distinguishable because the cases involve situations where the issue was never presented to a jury. In *AG Systems, Inc. v. United Decorative Plastics Corp.*, the plaintiff failed to make a demand, as contemplated by Rule 49(a)(3), that the issue be

confusion was presented to the jury and would have resulted in a determination by the jury had resolution of the issue been necessary for a final judgment. As it was not necessary, the jury did not address it. Rule 49(a)(3)'s waiver provision, which applies where the issue is not submitted to the jury, is not applicable in this situation.

Finally, in light of our decision to reverse the district court, we decline to address B & B's argument that the district court should have given preclusive effect to the decisions of the TTAB. B & B requests that we give preclusive effect to two decisions made by the TTAB: first, that B & B's "Sealtight" registration could not be attacked on grounds of descriptiveness because Hargis's challenge was not timely made and, second, TTAB's finding that the prior district court decision did not address the issue of likelihood of confusion.[7] It is unnecessary, in view of our conclusion

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submitted to the jury, and thus the plaintiff waived the right to raise the omission as error on appeal. 55 F.3d 970, 973-74 (4th Cir.1995). In *Fredonia Broadcasting Corp. v. RCA Corp.*, the defendant failed to raise an objection to a question the district court erroneously omitted, however the failure to object resulted in a waiver on appeal and the district court was deemed to have decided the question in accordance with the judgment. 481 F.2d 781, 796 (5th Cir.1973).

[7]It is clear that B & B intends to assert that the TTAB's determination made in 2007 that there is a likelihood of confusion between the two marks should be given preclusive effect by the district court on the claim of trademark infringement. B & B acknowledges, however, that such argument "may best be saved for another day."

that application of collateral estoppel based on the 2000 jury verdict is inappropriate, to address whether the district court should have given deference to the decisions of the TTAB.

III.

Accordingly, we reverse the district court's grant of dismissal and remand this matter for further proceedings.

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No: 07-3866

B & B Hardware, Inc., a California Corporation,

Appellant

v.

Hargis Industries, Inc., a Texas Corporation, doing business as Sealtite Building Fasteners, doing business as East Texas Fasteners, et al.,

Appellees

Appeal from U.S. District Court for the Eastern District of Arkansas—Little Rock
(4:06-cv-01654-S W W)

ORDER

The petition for rehearing en bane is denied. The petition for rehearing by the panel is also denied.

July 27, 2009

Order Entered at the Direction of the Court:
Clerk, U.S. Court of Appeals, Eighth Circuit.

/s/ Michael E. Gans

United States District Court,
E.D. Arkansas,
Western Division.
B & B HARDWARE, INC., Plaintiff,

v.

HARGIS INDUSTRIES, INC. d/b/a, Sealtite Building Fasteners, and d/b/a East Texas Fasteners, and does 1 through 10, inclusive, Defendants.
No. 4:06CV01654 SWW.

Sept. 13, 2007.

Kathryn Bennett Perkins, Rose Law Firm, Little Rock, AR, Roger N. Behle, Jr., Foley Bezek Behle & Curtis, LLP, Costa Mesa, CA, for Plaintiff.

Bruce E. Munson, Huckabay, Munson, Rowlett & Moore, P.A., H. William Allen, Kevin M. Lemley, Allen Law Firm, Little Rock, AR, Herbert A. Trey Yarbrough, III, Attorney at Law, Tyler, TX, for Defendants.

Memorandum Opinion and Order

SUSAN WEBBER WRIGHT, United States District Judge.

Before the Court are plaintiff's motion to retransfer to which defendants responded and plaintiff replied, and defendants' motion to dismiss to which plaintiff responded. The Court heard oral arguments

on the motions on July 16, 2007. The parties filed supplemental briefs on July 31, 2007. For the reasons stated below, the Court finds the motion to re-transfer to the California district court should be denied, and the motion to dismiss should be granted.

Background

Plaintiff B & B Hardware, Inc. ("B & B") is a California corporation that designs, manufactures, and markets self-sealing fasteners under the mark of "Sealtight." In May 1990, B & B filed an application with the Patent and Trademark Office ("PTO") to register "Sealtight." On October 12, 1993, the PTO granted B & B's "Sealtight" trademark for threaded and unthreaded metal fasteners and related hardware including nuts, bolts, and washers.

Sealtite Building Fasteners ("SBF") is a division of defendant Hargis Industries, Inc. ("Hargis"), a Texas corporation. SBF manufactures a line of self-drilling and self-tapping screws and other fasteners that are frequently used to construct metal buildings. In 1996, SBF filed an application with the PTO to register the trademark, "Sealtite." The PTO refused to register "Sealtite" because of likely confusion with B & B's trademark "Sealtight." In 1997, SBF filed a petition with the Trademark Trial and Appeal Board ("TTAB") to cancel registration B & B's "Sealtight" trademark. In response, B & B filed a complaint against SBF in the Eastern District of Arkansas alleging common law trademark infringement, breach of contract, law fraud, deceptive trade practices, and trademark infringement under the Lanham Act, 15 U.S.C. § 1117. *See B & B*

Hardware v. Hargis Industries, Inc., No. 4:98CV00372 (JWC).

The TTAB initially entered an order cancelling B & B's trademark, but re-instated the trademark pending resolution of the Arkansas action. After the parties agreed to accept a verdict that was not unanimous, the jury found eleven to one that the term "Sealtight" was merely a descriptive term that had not acquired secondary meaning. The verdict was affirmed on appeal. *B & B Hardware, Inc. v. Hargis Industries, Inc.*, 252 F.3d 1010, 1012-13 (8th Cir.2001).

Subsequently, the TTAB resumed proceedings at SBF's request regarding cancellation of B & B's trademark. In July 2002, the TTAB granted SBF's motion for summary judgment and cancelled B & B's registration. In June 2003, the TTAB granted B & B's request for reconsideration and set aside the grant of summary judgment in favor of SBF. The TTAB dismissed SBF's petition to cancel and reinstated B & B's mark.

In the meantime, SBF's attempt to register its Sealtite mark was proceeding. In February 2003, B & B filed a notice of opposition, and on May 22, 2003, before the TTAB's reversal detailed above, SBF moved for summary judgment on the issue of likelihood of confusion, urging that the district court's determination in the Arkansas suit should be given preclusive effect. The TTAB denied Hargis's motion for summary judgment in August 2004. The matter remains pending before the TTAB.

B & B filed the current action on August 4, 2006, in the district court for the Central District of California, alleging that Hargis's continued use of the "Sealtite" mark in connection with its fasteners and other products constitutes trademark infringement, unfair competition, trademark dilution, and false designation of origin. The Honorable Percy Anderson, United States District Judge for the Central District of California, ordered the parties to show cause why the matter should not be transferred to the Eastern District of Arkansas. On November 30, 2006, Judge Anderson ordered the action be transferred to Arkansas for the convenience of parties and witnesses and in the interest of justice.

B & B moves the Court to retransfer the case back to the Central District of California. Hargis moves for dismissal pursuant to Fed.R.Civ.P. 12(b)(6), arguing the case is barred by the doctrine of *res judicata*.

Discussion

1. Motion to Retransfer

B & B argues that in making his decision to transfer the case, Judge Anderson gave undue consideration to the fact that prior litigation between the parties took place in Arkansas. B & B further argues venue is not appropriate in the Eastern District of Arkansas. In response, Hargis asserts Judge Anderson's ruling is the law of the case, the parties were provided a full and fair opportunity to litigate the

issue, and nothing has happened since the ruling to warrant retransfer.

Under the "law of the case" doctrine, "courts should be loathe to [revisit prior decisions of its own or of a coordinate court] . . . in the absence of extraordinary circumstances such as where the initial decision was 'clearly erroneous and would work a manifest injustice.'" *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 817 (1988)(quoting *Arizona v. California*, 460 U.S. 605, 618 n. 8 (1983). The doctrine is applied to motions to retransfer in order to avoid "a perpetual game of jurisdictional ping-pong." *Id.* at 818. Several circuits have interpreted this doctrine to prevent the transferee court from challenging the jurisdictional and venue determinations made by the transferor court. [1] In

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[1] *See LaShawn A. v. Barry*, 87 F.3d 1389, 1394 (D.C.Cir.1996) ("That the jurisdictional question exception ... is no longer good law should come as no particular surprise. Today, this court and other courts of appeals routinely apply law-of-the-case preclusion to questions of jurisdiction ... and do so even when the first decision regarding jurisdiction is less than explicit.") (rehearing in banc) (internal citations omitted); *Hayman Cash Register Co. v. Sarokin*, 669 F.2d 162, 167 (3d Cir.1982) ("We conclude that Blaski should be interpreted . . . to allow a determination of venue and jurisdiction by the transferee court only when this determination has not previously been made by the transferor court.") (discussing *Hoffman v. Blaski*, 363 U.S. 335 (1960)); *but see Nascone v. Spudnuts, Inc.* 735 F.2d 763, 772 n. 9 (3d Cir.1984) (distinguishing *Hayman Cash Register* in concluding that "while the law of the case may preclude coordinate district courts from overruling each other, it would not have prevented

Hatch v. Reliance Ins. Co., 758 F.2d 409, 412 (9th Cir.1985), the Ninth Circuit adopted this approach, concluding that: "The better rule is to bar reconsideration of these matters [jurisdiction and venue issues already decided by the transferor court] unless there is some indication that appellants were not afforded a full and fair opportunity to litigate these matters before the transferor court."

The Eighth Circuit has not spoken as unequivocally. Although one district court seemed to endorse the view discussed above, *see Ry. Labor Executives' Ass'n v. Chicago and N.W. Transp. Co.,* 692 F.Supp. 1066, 1067 (D.Minn.1988), the Court of Appeals implicitly condoned at least indirect examination of the original transfer decision upon a motion for retransfer. *See U.S. v. Copley,* 25 F.3d 660 (8th Cir.1994)(holding no jurisdiction to review North Carolina district court's decision to transfer, but remanding for retransfer because venue was improper in transferee Missouri district court, and court erred in implicitly denying motion to retransfer). Similarly, *Koehler v. Green,* 370 F.Supp.2d 904 (E .D.Mo.2005), suggests that review may be appropriate in some circumstances. In *Koehler,* the plaintiff brought suit in the Southern District of New York. Like the instant case, the action in *Koehler* was transferred *sua sponte* under § 1404(a) to the Eastern District of Missouri where related litigation had taken place. As here, the

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the transferee circuit court (the Third Circuit) from in effect overruling on appeal . . . the determination of the transferor district court as to the determination of venue").

plaintiff urged the court to retransfer. After noting the prevailing disfavor of reviewing the transferor court's decision, "in an abundance of caution," the district court reviewed the grounds for the original transfer, ultimately concluding it was not in error. *Id.* at 906-07. On appeal, the Eighth Circuit held that the plaintiff did not properly raise the issue whether the district court erred in denying retransfer. *See Koehler v. Brody,* 483 F.3d 590, 599 (8th Cir.2007). However, in dicta the court noted:

> Even if we were to reach the issue, Koehler has not stated a sufficient basis for transferring the case or demonstrated that the Southern District of New York would be an appropriate venue for all the defendants in this case. Since the consolidated cases had been litigated in the Eastern District of Missouri and the district court there was familiar with the background of this case, it was not an inappropriate venue. The district court did not err by denying the motion to transfer.

Id.

Retaining authority to review Judge Anderson's decision and actually choosing to do so are different matters.[2] In light of the above precedent, this Court

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[2]*See Hite v. Norwegian Caribbean Lines,* 551 F.Supp. 390, 396 (E.D.Mich.1982) ("I conclude that though I may have the independent power to review Judge Harrison's

elects to review the transfer decision, which B & B challenges on the basis of inappropriate venue.

As discussed above, this Court applies the law of the case doctrine to the instant case and refuses to allow B & B to second guess the wisdom of the transfer for a second time before this Court. The only question that remains is whether a rare exception would justify retransfer. As previously referenced, "the transferee-district should accept the ruling on the transfer as the law of the case and should not re-transfer 'except under the most impelling and unusual circumstances' or if the transfer order is 'manifestly erroneous.'"[3] Such circumstances include "where the original purposes of the transfer have been frustrated by an unforeseen later event."[4] Retransfer may also be appropriate when new evidence becomes available that was not before the transferor court, or if there is a change in applicable law. *See Hayman Cash Register,* 669 F.2d at 169-70.

None of these exceptions properly apply here. B & B asserts that an unusual circumstance justifying retransfer is present. Specifically, B & B contends that

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determination in order to retransfer the case to California, I should not re-examine the question of venue which Judge Harrison decided. . . . It is now for an appellate court-not for me-to correct any error. . . .")

[3]*In re Cragar Indus.,* 706 F.2d 503, 505 (5th Cir.1983) (quoting *U.S. v. Koenig,* 290 F.2d 166, 173 n. 11 (5th Cir.1961); *Ry. Labor Executives' Ass'n v. Chicago and Nw. Transp. Co.,* 692 F.Supp. 1066, 1067 (D.Minn.1988).

[4]*Id.* (citing 15 Wright, Miller, & Cooper, *Federal Practice & Procedure* § 3846 (1976)).

Judge Anderson relied too heavily upon the previous Arkansas action in choosing to transfer to the Eastern District of Arkansas. Indeed, B & B argues that it was the "overarching reason." *See* Reply to Defendant's Response to Motion to Retransfer at 4.

It is clear that Judge Anderson took the prior Arkansas litigation into account when selecting the Eastern District of Arkansas. *See* Order Transferring Action at 8-11. *Arguendo,* it may have even been the factor that convinced Judge Anderson that the Eastern District of Arkansas was a better forum than Texas. However, what is most obvious is that the prior litigation was not the only factor that Judge Anderson weighed in concluding that the Central District of California was a less convenient forum. Judge Anderson explicitly considered a number of other factors, including the areas where Hargis's sales are concentrated, the convenience of the parties and likely witnesses, and the availability of the evidence. This Court would not presume to find that the specific weights that Judge Anderson attached in his careful consideration of the necessary factors justifying transfer produced a result that was "manifestly erroneous." Furthermore, B & B cites no authority indicating that any court has interpreted reliance upon prior litigation in another forum in granting a 1404(a) transfer as constituting a "most impelling and usual" circumstance. To the contrary, consideration of prior litigation in other forums in transfer determinations seems both natural and prudent. *See, e.g., Koehler,* 370 F.Supp.2d at 905. As Judge Anderson notes, prior litigation may inform evaluations of how convenient the transferee forum would be with respect to parties,

witnesses, and evidence. Finally, no significant change in events or evidence has occurred that would convince this Court that Judge Anderson's decision would be any different if he were deciding whether to transfer the case today.

Under 28 U.S.C. § 1404(a), "for the convenience of parties and witnesses, and in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought" at the time it was instituted. *See Hoffman v. Blaski,* 363 U.S. 335, 343 (1960). This action might have been brought in the Eastern District of Arkansas because subject matter jurisdiction, personal jurisdiction, and venue are proper in this forum. It is undisputed that the Eastern District of Arkansas properly has subject matter jurisdiction over this federal question suit which was brought pursuant to the Lanham Trademark Act. 15 U.S.C. § 1125.

The Eastern District of Arkansas also properly has personal jurisdiction over the defendant. B & B's complaint alleges that Hargis was subject to personal jurisdiction in the Central District of California because Hargis transacted business, or purposefully availed itself of the privilege of doing business, there and wrongfully infringed B & B's mark. *See* Compl. at ¶ 3. As Judge Anderson correctly noted, however, Hargis's products are sold and marketed much more extensively in the Eastern District of Arkansas compared to the Central District of California. *See Order Transferring Action* at 7. As a result, the Eastern District of Arkansas has personal jurisdiction over the Defendant.

B & B contends that venue is not properly laid in the Eastern District of Arkansas and therefore, the Central District of California should not have transferred the case under § 1404(a). However, under the applicable venue provision, 28 U.S.C. § 1391, the Eastern District of Arkansas is a proper venue. Under § 1391(b)(1), venue is proper in a federal question suit in a district "where any defendant resides, if all defendants reside in the same State." Section 1391(c), further provides that, for the purposes of venue, "a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced." For the reasons above, Hargis is subject to personal jurisdiction in the Eastern District of Arkansas. Therefore, venue is proper in the Eastern District of Arkansas under § 1391(b)(1).

Alternatively, venue would be proper under § 1391(b)(2) which provides that venue may be laid in "a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred." In a suit for trademark infringement, the events or omissions giving rise to the claim occur in the districts "where the passing off occurs." *See Cottman Transmission Sys., Inc v. Martino,* 36 F.3d 291, 294 (3d Cir.1994). It is possible that venue may be proper in more than one district in a suit for trademark infringement. *Id.* B & B argues that venue was proper in the Central District of California because a substantial part of the events or omissions giving rise to the claim occurred in that district. *See* Compl. at ¶ 4. In particular, B & B alleges that Hargis is actively selling goods bearing the infringing mark in the

Central District of California. Amended Brief in Support of Motion to Retransfer at 11. Because Hargis sells a significantly higher proportion of its goods in the Eastern District of Arkansas, even more of the alleged "passing off" would necessarily occur in this district. B & B's contention that venue is not also proper in the Eastern District of Arkansas is therefore unavailing. Although B & B alleges, in addition, that injury to goodwill and confusion in the marketplace are occurring in the Central District of California, *id.* at 11-12, these claims are not sufficient to convince this Court that the Eastern District of Arkansas is not a valid venue for this action as well.

In the order transferring the case, Judge Anderson balanced the necessary factors and concluded that the transfer was in the interest of the parties, witnesses, and justice. First, Judge Anderson gave minimal weight to B & B's choice of forum because of the "tenuous relationship between this forum [the Central District of California] and the events giving rise to Plaintiff's claim." Order Transferring Action at 7.

Second, Judge Anderson felt that the convenience-of-the-parties factor favored transfer to the Eastern District of Arkansas. He reasoned that the Eastern District of Arkansas is: (1) where more of the activities related to the alleged infringement took place; (2) closer to Hargis's headquarters and records; and (3) more familiar with the parties and likely evidence as a result of previous litigation. Order Transferring Action at 8. Additionally, Judge Anderson felt that the hardship the transfer might

pose to B & B was "substantially undermined by its previous decision to litigate there." *Id.*

Third, the district court concluded that the Eastern District of Arkansas would be at least as convenient for the witnesses, and perhaps slightly more convenient. *Id.* at 10. Although many of B & B's employees and distributors are located in California, the Eastern District of Arkansas is much more convenient for Hargis's employees, witnesses, and customer base. *Id.* at 9-10. Also relevant is that the "substantial overlap between the proposed witnesses in this action and those that appeared in the prior Arkansas litigation, substantially mitigat[e] Plaintiff's argument that it would be difficult or impossible for its witnesses to appear in the Eastern District of Arkansas." *Id.*

Relatedly, the district court determined that because a majority of the evidence regarding Hargis's alleged infringing sales and marketing was located closer to the Eastern District of Arkansas, that the ease of access to evidence factor also favored transfer. *Id.* at 10.

Lastly, Judge Anderson determined that the interests of justice would be best served by the transfer in light of the above factors, and the importance that the interpretation of the effect of the prior Arkansas litigation will play in the outcome of this matter. *Id.* at 10-11.

The Court finds no convincing argument or reason to grant B & B's motion to retransfer the case.

2. Motion to Dismiss Pursuant to Rule 12(b)(6)

In deciding a motion to dismiss for failure to state a claim pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure, all facts alleged in the complaint are assumed to be true. *Doe v. Northwest Bank Minn., N.A.,* 107 F.3d 1297, 1303-04 (8th Cir.1997). The complaint must be reviewed in the light most favorable to the plaintiff, *McMorrow v. Little,* 109 F.3d 432, 434 (8th Cir.1997), and should not be dismissed unless it is clear beyond doubt that the plaintiff can prove no set of facts thereunder which would entitle him or her to relief. *Hafley v. Lohman,* 90 F.3d 264, 266 (8th Cir.1996). The Court may grant a motion to dismiss on the basis of a dispositive issue of law. *Neitzke v. Williams,* 490 U .S. 319, 326 (1989).

A motion to dismiss is not a device for testing the truth of what is asserted or for determining whether the plaintiff has any evidence to back up what is in the complaint. *ACLU Foundation v. Barr,* 952 F.2d 457, 467 (D.C.Cir.1991). The issue is not whether the plaintiff will ultimately prevail but whether the plaintiff is entitled to offer evidence to support the claims, irrespective of a judge's disbelief of a complaint's factual allegations or a judge's belief that the plaintiff cannot prove what the complaint asserts. *Id. See also Hickman v. Tosco Corp.,* 840 F.2d 564, 565 (8th Cir.1988); *Fusco v. Xerox Corp.,* 676 F.2d 332, 334 (8th Cir.1982). Thus, a motion to dismiss should be granted "as a practical matter . . . only in the unusual case in which a plaintiff includes allegations that show on the face of the complaint that there is some

insuperable bar to relief." *Frey v. City of Herculaneum,* 44 F.3d 667, 671 (8th Cir.1995) (quoting *Hishon v. King & Spalding,* 467 U.S. 69, 73 (1984)).

Hargis argues B & B's claims are barred on the basis of *res judicata.* It argues jury findings on the issues of descriptiveness and secondary meaning in the Arkansas case preclude B & B raising those issues in this case. B & B asserts that since the jury's findings in the Arkansas case, B & B has obtained an incontestable mark which renders those findings irrelevant.

"Res judicata precludes the relitigation of a claim on grounds that were raised or might have been raised in a prior action. Res judicata consists of two preclusion concepts—issue preclusion and claim preclusion." *Klipsch, Inc. v. WWR Tech., Inc.,* 127 F.3d 729, 733 (8th Cir.1997). "The claim preclusion aspect of res judicata . . . provides that 'a final judgment on the merits bars further claims by parties or their privies based on the same cause of action.'" *Id.* "The test applied to determine whether res judicata bars litigation of a claim is: (1) whether the prior judgment was rendered by a court of competent jurisdiction; (2) whether the judgment was a final judgment on the merits; and (3) whether the same causes of action and same parties or their privies were involved in both cases." *Gurley v. Hunt.* 287 F.3d 728, 731 (8th Cir.2002). "If the three elements are met, the parties are thereafter bound 'not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose.'"

Lundquist v. Rice Mem'l Hosp., 238 F.3d 975, 977 (8th Cir.2001).

Hargis argues that the issues raised in the complaint before this Court are identical to those dealt with in the prior federal litigation. B & B argues the causes of action are not identical because the earlier case involved infringement and damages claims up through 2000, and the action before the Court concerns claims from 2000 through the present. B & B also argues that the operative facts are not the same because now it has an incontestable trademark, and there is no evidence of privity between the party defendants.[5] B & B further asserts that the Court should give preclusive effect to the TTAB's decision that the doctrine of claim preclusion does not apply as to the Arkansas jury's findings and the TTAB proceedings involving B & B's opposition to the registration of SBF's mark.

The Court finds B & B's claims involve alleged conduct occurring after the decision in the Arkansas case and thus are not barred by claim preclusion. *See Lundquist*, 238 F.3d at 977 ("Claim preclusion . . . does not apply to claims that did not exist when the first suit was filed").

Issue preclusion or collateral estoppel, applies "only when the party against whom preclusion is

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[5]The 1998 lawsuit named Hargis, doing business as Sealtite Building Fasteners, as defendants. The complaint before the Court names Hargis doing business as both SBF and East Texas Fasteners as defendants.

sought, was involved in a prior lawsuit and: 1) the issue sought to be precluded [was] the same as that involved in a prior action; (2) the issue [had been] actually litigated in the prior action; (3) the issue [had been determined] by a valid and final judgment; and (4) the determination [was] essential to the prior judgment." *Leonard v. Southwestern Bell Corp. Disability Income Plan,* 341 F.3d 696,701 (8th Cir.2003).

Both plaintiff and defendant were parties to the previous Arkansas suit. Each had a full and fair opportunity to be heard on the issues actually litigated in the prior action. Additionally, a final and valid judgment was entered in the prior action. Therefore, whether issue preclusion applies turns on what essential issues were determined in the prior action, and whether those issues are identical to the issues before the Court.

Hargis argues B & B should not be permitted to re-litigate the issue of trademark infringement in light of the determination in the prior Arkansas case. B & B argues that collateral estoppel is not applicable because the issue decided in the Arkansas case, descriptiveness, is no longer relevant because B & B now has an incontestible mark. B & B also argues the Court should give deference, if not preclusive effect, to decisions of the TTAB in proceedings between the parties.

As stated previously, in 1997, SBF filed a petition with the TTAB to cancel registration of B & B's "Sealtight" trademark. That proceeding was

suspended pending the resolution of the Arkansas case. Thereafter, the TTAB initially cancelled B & B's registration but then granted B & B's motion for reconsideration and dismissed SBF's petition to cancel. In its June 13, 2003, decision, the TTAB determined that SBF could not assert a descriptiveness claim because such a challenge was untimely. Thus, SBF's attempt to cancel B & B's registration was unsuccessful.

In February 2003, B & B filed a notice of opposition to SBF's attempt to register its mark. In this separate proceeding, SBF filed a motion for summary judgment based on res judicata, arguing that the judgment in the Arkansas case should have preclusive effect on the TTAB proceeding. On August 6, 2004, the TTAB denied SBF's motion for summary judgment. B & B argues the TTAB's decision in B & B's opposition proceeding not to give preclusive effect to the judgment in the Arkansas case is dispositive of the Court's ability to do so here.

Relying on *Flavor Corp. of America v. Kemin Indus., Inc.*, 493 F.2d 275 (8th Cir.1974), B & B argues the Court should give preclusive effect to the decisions of the TTAB. In *Flavor Corp.*, the TTAB granted Flavor Corp.'s ("FCA's") petition to cancel Kemin's registration of its mark, and the Court of Customs and Patent Appeals ("CCPA")[6] affirmed the cancellation

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[6]Congress conferred Article III status upon the Court of Customs and Patent Appeals in 1958. In 1982, the Court of Customs and Patent Appeals was replaced by the Court of Appeals for the Federal Circuit.

order on appeal, finding that the parties' marks were so confusingly similar as to cause a likelihood of confusion. FCA then filed a trademark infringement action in federal court. The Eighth Circuit held that "where the CCPA has found a likelihood of confusion between two similar marks in a cancellation proceeding, that fact is precluded from relitigation in a subsequent infringement action between the same parties under the doctrine of collateral estoppel." 492 F.2d at 281.

The issue before the Court involves a decision of the TTAB, an administrative tribunal of the PTO. The TTAB can only decide issues related to registration. It cannot adjudicate matters of infringement or unfair competition, which relate to the use of a mark. *See Pure Gold, Inc. v. Syntex (U.S.A.) Inc.*, 221 U.S.P.Q. 151, 153 (T.T.A.B.1983)(allegation in an opposition that applicant's mark is a false designation of origin under § 43(a) of Lanham Act stricken because opposer can properly attack only applicant's right to registration; TTAB has no original jurisdiction over unfair competition claims), *aff'd*, 793 F.2d 624 (Fed.Cir.1984); *Electronic Water Conditioners, Inc. v. Turbomag Corp.*, 221 U.S.P.Q. 162 (T.T.A.B.1984)(unfair competition and claims under § 43(a) of Lanham Act are outside jurisdiction of TTAB).

Decisions by the TTAB only affect registration; they have no preclusive effect on any issues relating to infringement and unfair competition.

> Generally speaking, '[r]egistration proceedings present the question of

> whether the [applicant] is entitled to *register* its trademark.' *Tonka Corp.*, 836 F.Supp. at 213 (emphasis added); *see also* 15 U.S.C. § 1063(a) ("Any person who believes that he would be damaged by the *registration* of a mark upon the principal register . . . may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor.") (emphasis added). Litigation before the TTAB in opposition proceedings is, therefore, limited to whether one has the right to register a mark, and not whether one has the right to exclusive use of the mark in practice.

Light Sources, Inc. v. Cosmedico Light, Inc., 360 F.Supp.2d 432, 440 (D.Conn.2005).

In *American Hygenic Laboratories, Inc. v. Tiffany & Co.*, 228 U.S.P.Q. 855, 857 (T.T.A.B.1986), the TTAB stated:

> [A] claim of infringement before the court and a claim of priority and likelihood of confusion before this Board are different claims. The former claim is, in essence, a claim of injury resulting from applicant's *use* of its mark in commerce; the latter claim, in essence, is a claim that opposer believes it would be damaged by *registration* of applicant's mark. While the determination of both claims may involve the determination of likelihood of

> confusion, trademark infringement and the right to use a mark are matters which the Board has no jurisdiction to consider.

When the TTAB declined to grant SBF's motion for summary judgment, it said:

> Thus, the issue to be decided in applicant Hargis' motion for summary judgment is whether the district court's judgment dismissing the trademark infringement action can be given preclusive effect in this opposition based on likelihood of confusion. . . .
>
> In this case, the parties are identical or in privity in both actions and the infringement litigation resulted in a valid judgment on the merits insofar as no infringement was found because B & B's mark was found descriptive and unprotectable. However, it is well settled that the transactional facts of a civil action for trademark infringement are not the same as those of an opposition which involves a determination of a right to register. The doctrine of claim preclusion therefore is inapplicable here[7].

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[7]Ex. D at 6-7. The TTAB found that because the Arkansas case resulted in no finding on the issue of likelihood of confusion, issue preclusion was inapplicable.

The Court finds the TTAB's decision not to give the Arkansas judgment preclusive effect in the registration proceeding has no bearing on this Court's application of claim or issue preclusion in this subsequent civil action. The Court further finds that the TTAB's finding that Hargis could not raise a descriptiveness claim in its challenge to B & B's registration is not entitled to preclusive effect in the case before the Court.

The ultimate issue in this litigation, as in the first Arkansas action, is whether Hargis' use of its Sealtite mark infringes B & B Sealtight mark. In trademark infringement suits, the "ultimate inquiry is whether, considering all the circumstances, a likelihood exists that consumers will be confused about the source of the allegedly infringing product." *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 (8th Cir.1999). Trademark infringement consists of two elements: (1) valid trademark and (2) likelihood of confusion. The validity of a trademark is determined by distinctiveness while likelihood of confusion is determined by the strength of the mark

> 'A term for which trademark protection is claimed will fall in one of four categories: (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful.' *WSM, Inc. v. Hilton,* 724 F.2d 1320, 1325 (8th Cir.1984). A generic mark refers to the common name or nature of an article,

> and is therefore not entitled to trademark protection. *Co-Rect Prods., Inc. v. Marvy! Adver. Photography, Inc.*, 780 F.2d 1324, 1329 (8th Cir.1985). A term is descriptive if it conveys an 'immediate idea of the ingredients, qualities or characteristics of the goods,' *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780, 785-86 (8th Cir.1995) (internal quotations omitted), and is protectible only if shown to have acquired a secondary meaning. *Co-Rect Prods.*, 780 F.2d at 1329. Suggestive marks, which require imagination, thought, and perception to reach a conclusion as to the nature of the goods, and arbitrary or fanciful marks, are entitled to protection regardless of whether they have acquired secondary meaning. *See id.*

Frosty Treats, Inc. v. Sony Computer Entertainment America, Inc., 426 F.3d 1001, 1004-05 (8th Cir.2005). To make a determination of likelihood of confusion, the Eighth Circuit applies a six-factor test:

> (1) the strength of the owner's mark; (2) the similarity of the owner's mark to the alleged infringer's mark; (3) the degree to which the products compete with each other; (4) the alleged infringer's intent to 'pass off' its goods as those of the trademark owner; (5) incidents of actual confusion; and (6) whether the degree of care exercised by the consumer can

> eliminate a likelihood of confusion that otherwise would exist.

Hubbard Feeds, Inc., 182 F.3d at 602 (citing Minnesota *Mining & Mfg. Co. v. Rauh Rubber, Inc.*, 130 F.3d 1305, 1308 (8th Cir.1997); *Squirt Co. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir.1980)).

In the prior Arkansas action, the jury specifically found that B & B's mark was merely descriptive and had not acquired secondary meaning. Generally, a descriptive mark "describes the ingredients, characteristics, qualities, or other features of the product and may be used as a trademark only if it has acquired a secondary meaning." *Schwan's IP, L.L.C. v. Kraft Pizza Co.*, 460 F.3d 971, 974 (8th Cir.2006) (citing *CES Publ'g Corp. v. St. Regis Publ'ns, Inc*, 531 F.2d 11, 13 (2d Cir.1975)). To qualify for protection, "a descriptive term must be so associated with the product that it becomes a designation of the source rather than of a characteristic of the product." *Id.* (citing *In re Merrill Lynch, Pierce, Fenner, and Smith, Inc.*, 828 F.2d 1567, 1569 (Fed.Cir.1987).

Once a mark becomes incontestable, however, a defendant can no longer attack its validity by alleging it is merely descriptive and without secondary meaning. *See Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 205 (1985) (finding that a trademark infringement suit brought by a plaintiff with an incontestable trademark "may not be defended on the grounds that the mark is merely descriptive"). Although *Park 'N Fly* recognizes that an incontestable trademark's validity cannot be challenged on

descriptiveness grounds, the case was remanded for a finding on likelihood of confusion. *Id.* Thus, the validity of the trademark and the scope of its protection are related, but not necessarily synonymous inquiries.

Incontestability establishes the validity of the mark, and the registrant's ownership and right to use the mark, but that right is subject to proof of infringement as well as numerous defenses. 15 U .S.C. § 1115(b). While such status is important for establishing the validity of the mark, and its ownership and use, it has no bearing on a trademark's strength. *Munters Corp. v. Matsui America, Inc.,* 909 F.2d 250, 252 (7th Cir.1990). Incontestability alone does not confer strength on a trademark. *Oreck Corp. v. U.S. Floor Sys., Inc.,* 803 F.2d 166, 171 (5th Cir.1986).

Incontestability only addresses the first part of the infringement analysis—whether a mark is valid, entitled to protection, and owned by a plaintiff; incontestable status does not mean that a mark's strength cannot be attacked. *HBP, Inc. v. American Marine Holdings, Inc.,* 290 F.Supp.2d 1320, 1329 (M.D.Fla .2003).

The majority of courts agree that incontestable status does not make a weak mark strong. *See Therma-Scan, Inc. v. Thermoscan, Inc .,* 295 F.3d 623, 632 (6th Cir.2002)(TSI's trademark, although valid and incontestable, is not an especially strong mark); *Entrepeneur Media, Inc. v. Smith,* 279 F.3d 1135, n. 3 (9th Cir.2002) ("the incontestable status of EMI's mark

does *not* require a finding that the mark is strong"); *Petro Stopping Ctr., L.P. v. James River Petroleum, Inc.*, 130 F.3d 88 (4th Cir.1997)(affirming finding that incontestable trademark was too weak to establish likelihood of confusion); *Gruner & Jahr USA Pub. v. Meredith Corp.*, 991 F.2d 1072, 1077-78 (2nd Cir.1993)(incontestability may make a mark strong for validity, but it can still be weak for purposes of infringement); *Munters Corp.*, 909 F.2d at 252 (incontestability status has no bearing on strength); *Oreck Corp.*, 803 F.2d at 171 ("Incontestable status does not make a weak mark strong").

In explaining the majority rule, the Fourth Circuit expressly rejected B & B interpretation of *Park 'N Fly, Inc.*:

> In *Park 'N Fly*, the Supreme Court held that a defendant in an infringement suit cannot claim that an incontestable mark is merely descriptive and therefore invalid and undeserving of any protection. The Court did not hold, however, that the descriptive nature of a mark may not be considered in the separate likelihood of confusion inquiry. This characterization of the Court's holding is confirmed by the Trademark Law Revision Act of 1988, which amended one of the Lanham Act's incontestability provisions to clarify that '[s]uch conclusive evidence of the right to use the registered mark shall be *subject to proof of infringement.*'

Petro Stopping, 130 F.3d at 92. As the Fourth Circuit articulated, *Park 'N Fly* made no holding that incontestability confers strength. *Id.*

The Eighth Circuit has not directly addressed the significance of incontestibility on trademark strength. In *General Mills, Inc. v. Kellogg Co.*, 824 F.2d 622 (8th Cir.1987), the court affirmed the district court's denial of a preliminary injunction, including its finding that Kellogg's federally registered mark was likely a weak mark. Kellogg had argued the district court failed to give conclusive weight to its trademark registration. The court stated: "[U]nder the Lanham Act, registration of a trademark is indeed prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate of registration. However, a mark's registered status is only an evidentiary tool, and the fact of registration does not affect the plaintiff's ultimate burden of proof in an infringement action." *Id.* at 626.

In *Hubbard Feeds, Inc., supra,* the plaintiff argued that its mark was strong based on its incontestable status alone. The Eighth Circuit affirmed the denial of a preliminary injunction, holding Hubbard failed to present evidence of consumer confusion. In *Woodroast Sys., Inc. v. Restaurants Unlimited, Inc.*, 793 F.Supp. 906 (D.Minn.1992), the court, citing *General Mills,* stated: "The court notes, however, that the incontestability of a mark does not affect its strength. A descriptive

trademark, even if it has become incontestable, may only be entitled to minimal protection. *See Miss World (UK) Ltd v. Mrs. America Pageants,* 856 F.2d 1445, 1448-50) (9th Cir.1988)(although incontestable, "Miss World" service mark found to be relatively weak)." *Id.* at 912 n. 10. In *DowBrands, L.P. v. Helene Curtis, Inc.,* 863 F.Supp. 963 (D.Minn.1994), the court cited *Woodroast Systems*and observed: "The incontestability of a mark does not affect its strength. Thus, a descriptive trademark, although it has become incontestable, may still only be entitled to minimal protection." *Id.* at 966 n. 3. In *Microwave Sys., Corp. v. Apple Computer, Inc.,* 126 F.Supp.2d 1207, 1212 (S.D.Iowa 2000), the court concluded that "just because [a mark] is an 'incontestible' trademark does not render it immune from an attack that the mark is weak and thus deserving of limited protection." The Court will follow the approach taken by other district courts in this circuit, and finds that the incontestability of a mark addresses but one element in the trademark infringement analysis.

The previous Arkansas case held no trademark infringement. B & B cites no authority for the proposition that incontestability makes any difference where a prior judgment otherwise bars a subsequent infringement action. The only recognized exception to issue preclusion for trademark infringement is a material change in the trademark's strength over an extended period of time. *See Test Masters Educational Services v. Singh,* 428 F.3d 559 (5th Cir.2005).

Several years prior to *Singh,* the plaintiff in that case sued the same defendant for trademark

infringement and unfair competition. The jury held that the plaintiff's mark was merely descriptive, had acquired secondary meaning, but that the defendant "was not subject to liability because it was an innocent prior user." *Id.* at 567. The jury did, however, enter a judgment in favor of the plaintiff on the issue of unfair competition. *Id.* On appeal, the Fifth Circuit held that the plaintiff "failed to provide sufficient evidence to support a finding that his mark had acquired secondary meaning," and also vacated the unfair competition verdict. *Id.* at 567-68. The Fifth Circuit remanded the case, instructing the district court to enter an order that the plaintiff's mark was invalid. *Id.* at 568. Directly following these proceedings, the plaintiff filed a second trademark application which the defendant opposed. *Id.* The district court enjoined the plaintiff from pursuing registration of its mark. *Id.*

Approximately one year later, the plaintiff again filed suit alleging trademark infringement and unfair competition. *Id.* The Fifth Circuit relied on issue preclusion to dismiss the case. The court held: "[t]he thrust of our holding is that [the plaintiff] has not alleged in his pleadings any significant intervening factual change . . . evidence of 'dramatic growth in his business and 'skyrocket[ing]' revenues is not sufficient to justify re-litigation of the issues of secondary meaning in his mark." *Id.* at 575.

The Court finds *Singh* is persuasive authority. Six years have passed between the verdict in the Arkansas case and the filing of the present suit. B & B asserts the passage of time and its mark's recently conferred incontestability status as the two factors

which warrant a disregard of the preclusion rules. *Test Masters* rejected mere passage of time as a factor permitting relitigation of a previously failed claim. While the passage of a markedly long period of time with the attendant material changes in the intervening period might justify another round of litigation, the court held that it would be the rare case indeed that would survive dismissal. 428 F.3d at 576. B & B's complaint alleges that "substantial sums of money per year" are spent to promote and advertise the mark, the mark has "gained wide public acceptance and association with Plaintiff," and that the products sold under the mark are distributed throughout the world." *Compl.* at ¶¶ 9-11.

B & B's reliance on the incontestability of its mark as a basis for denying the application of preclusion lacks persuasive authority. The Court finds the reasoning of the *Test Masters* case compelling and controlling.

The Court finds plaintiff's claims are barred by the doctrine of collateral estoppel. Therefore, defendant's motion to dismiss is granted.

IT IS THEREFORE ORDERED that plaintiff's motion to retransfer [docket entry 16] is denied and defendants' motion to dismiss [docket entry 3] is granted.

SO ORDERED.

B & B HARDWARE, INC., Appellant,

v.

HARGIS INDUSTRIES, INC., doing business as Sealtite Building Fasteners, Appellee.

No. 00-2542.

United States Court of Appeals,
Eighth Circuit.

Submitted: April 9, 2001.

Filed: June 11, 2001.

The United States District Court for the Eastern District of Arkansas, Jerry W. Cavaneau, United States Magistrate Judge, entered judgment for defendant in trademark infringement suit, and plaintiff appealed. The Court of Appeals, Wollman, Chief Judge, held that court's inclusion of an example of suggestive mark cited by a trial witness did not constitute an improper comment on the evidence or an unfair endorsement of trial testimony of that witness in part or in its entirety.

Affirmed.

Kenneth R. Shemin, argued, Fayetteville, AR, for appellant.

Trey Yarbrough, argued, Tyler, TX (Julia L. Busfield, on the brief), for appellee.

Before WOLLMAN, Chief Judge, MURPHY, Circuit Judge, and PIERSOL,[1] Chief Judge.

WOLLMAN, Chief Judge.

B & B Hardware, Inc. (B & B) appeals from the district court's[2] entry of judgment on a jury verdict in favor of Hargis Industries, Inc., d/b/a/ Sealtite Building Fasteners, on B & B's trademark infringement claim. We affirm.

I.

B & B designs, manufactures, and markets self-sealing fasteners, including nuts, bolts, screws, rivets, and washers, under the mark of "Sealtight." In May of 1990, Larry Bogatz, co-founder of B & B, filed an application to register "Sealtight," and in January of 1992, the Patent and Trademark Office (PTO) notified B & B that "Sealtight" was eligible for federal trademark registration. The mark was placed on the Principal Register of the PTO on October 12, 1993.

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[1]The Honorable Lawrence L. Piersol, Chief Judge, United States District Court for the District of South Dakota, sitting by designation.

[2]The Honorable Jerry W. Cavaneau, United States Magistrate Judge for the Eastern District of Arkansas, presiding with the consent of the parties pursuant to 28 U.S.C. § 636(c).

Sealtite Building Fasteners (SBF), a division of Hargis Industries, Inc. (Hargis), manufactures a line of self-drilling and self-tapping screws and other fasteners that are frequently used to construct metal buildings. In June of 1996, Joe Hargis, acting on behalf of SBF, filed an application with the PTO to register the mark "Sealtite." The PTO refused to register "Sealtite," however, because of the likely confusion with B & B's trademark "Sealtight." Mr. Hargis did not challenge the PTO's decision, but in March of 1997, he filed a petition to cancel B & B's registration, citing abandonment and, in an amended petition, priority of use. In response, B & B initiated the present action and filed a motion to stay the PTO proceedings. Although the parties recite differing accounts of the ensuing events, the record reflects that the PTO cancelled B & B's registration on October 19, 1999, and reinstated the trademark approximately three months later.

The federal court action proceeded to trial, where Hargis argued, inter alia, that B & B's "Sealtight" mark was merely descriptive, rather than suggestive, and was therefore not entitled to trademark protection. Although B & B's amended complaint alleged common law trademark infringement, breach of contract, fraud, deceptive trade practices, and trademark infringement under the Lanham Act, 15 U.S.C. § 1117, B & B voluntarily dismissed the common law actions at the close of evidence, and only the Lanham Act claim proceeded to the jury. During deliberations, the jury repeatedly requested additional information regarding the definitions of descriptive and suggestive marks and

eventually informed the court that it was unable to reach a decision. After an *Allen* instruction, *Allen v. United States,* 164 U.S. 492, 501, 17 S.Ct. 154, 41 L.Ed. 528 (1896), failed to break the deadlock, the parties agreed to accept a less-than-unanimous verdict. The jury subsequently returned an 11-1 verdict in favor of Hargis, concluding, in part, that "Sealtight" was a descriptive, rather than a suggestive, mark. The court entered judgment accordingly.

II.

B & B's sole contention on appeal is that the district court's jury instructions unfairly commented on the evidence and bolstered the testimony of a trial witness. Specifically, B & B challenges jury instruction eleven, which directed, in relevant part:

> A suggestive mark is one which employs terms which do not describe but merely suggest the feature of a product. It requires the purchaser to use his or her imagination to reach a conclusion as to the nature of the product. Examples of a suggestive mark include Gleem for the name of a toothpaste and Roach Motel for the name of a pesticide. Suggestive marks are entitled to broad trademark protection.

B & B argues that the court's use of "Roach Motel" was unfair because Walter Ames, an attorney who served as an expert witness for Hargis, testified at trial that "Roach Motel" was an example of a

suggestive mark. B & B contends that the jury may have interpreted the district court's use of "the precise example" of a suggestive mark offered by Ames as an implicit endorsement of Ames's testimony as a whole, including his expressed opinion that "Sealtight" was merely a descriptive mark and therefore not entitled to trademark protection. B & B argues that in light of the jury's apparent difficulty in understanding the distinctions between suggestive and descriptive marks, and because the issue was critical to the resolution of the case, a new trial is warranted. We disagree.

The parties dispute whether B & B preserved the issue of instructional error. Because B & B's claim fails under both a plain error analysis and the less-rigorous abuse of discretion standard, however, we conclude that we need not determine whether the alleged error was properly preserved.

Under an abuse-of-discretion standard of review, we must determine whether the instructions, taken as a whole and viewed in light of the evidence and applicable law, fairly and adequately submitted the issues in the case to the jury. *Morse v. Southern Union Co.*, 174 F.3d 917, 926 (8th Cir.1999). Further, "[a] district court has broad discretion in instructing the jury, and jury instructions 'do not need to be technically perfect or even a model of clarity.'" *Id.* (quoting *Cross v. Cleaver*, 142 F.3d 1059, 1067 (8th Cir.1998)).

Our review of the instructions in their entirety reveals no abuse of discretion by the district court. Even were we to conclude that instruction eleven was

confusing, we observe that elsewhere in the instructions the court clearly informed the jurors that they alone were responsible for weighing the evidence and assessing the credibility of the witnesses. The court also explicitly stated that "nothing I have said or done is intended to suggest to you [the jury] what your . . . [verdict] should be." We thus conclude that the jury instructions as a whole fairly and accurately submitted the issues in the case to the jury.

Moreover, even were we to view instruction eleven in isolation, we conclude that the court's inclusion of the "Roach Motel" example did not constitute an improper comment on the evidence or an unfair endorsement of trial testimony. As a general matter, the court's use of an example cited by a trial witness does not necessarily support the inference that the court is endorsing the testimony of that witness in part or in its entirety. Furthermore, our review of the trial transcript suggests that there was little if any chance that the jury viewed the instructions as an endorsement of Ames's trial testimony. Although Ames did testify that "Roach Motel" was an example of a suggestive mark, he explicitly informed the jury that he was doing so because "there's a case on it." Counsel for B & B referred to the "Roach Motel" during cross examination, but did not challenge Ames's testimony that it qualified as a suggestive mark. We therefore think it most unlikely that the jury equated the court's use of "Roach Motel" with an endorsement of Ames's contention that "Sealtight" was merely a descriptive mark. Finally, we observe that "Roach Motel" was only one of the examples included by the court in instruction eleven; the court also cited the mark

"Gleem" as an example of a suggestive mark. The inclusion of this additional example of a suggestive mark serves to vitiate the argument that the court's instructions endorsed Ames's testimony and therefore Hargis's theory of the case.

B & B also contends that jury instruction eleven was incorrect because "Roach Motel" is an example of a fanciful mark, not a suggestive mark. Because this argument was not raised in B & B's initial brief, we need not address it. *Schleeper v. Groose,* 36 F.3d 735, 737 (8th Cir.1994). We observe in passing, however, that we have previously cited with approval the Second Circuit's conclusion that "Roach Motel" may be a suggestive mark. *Duluth News-Tribune v. Mesabi Pub. Co.,* 84 F.3d 1093, 1096 (8th Cir.1996) (citing *American Home Prods. Corp. v. Johnson Chem. Co.,* 589 F.2d 103, 106 (2d Cir.1978)).

Our conclusion that the district court did not abuse its discretion in giving instruction eleven perforce compels a finding it was not plain error to give the instruction.

The judgment is affirmed.